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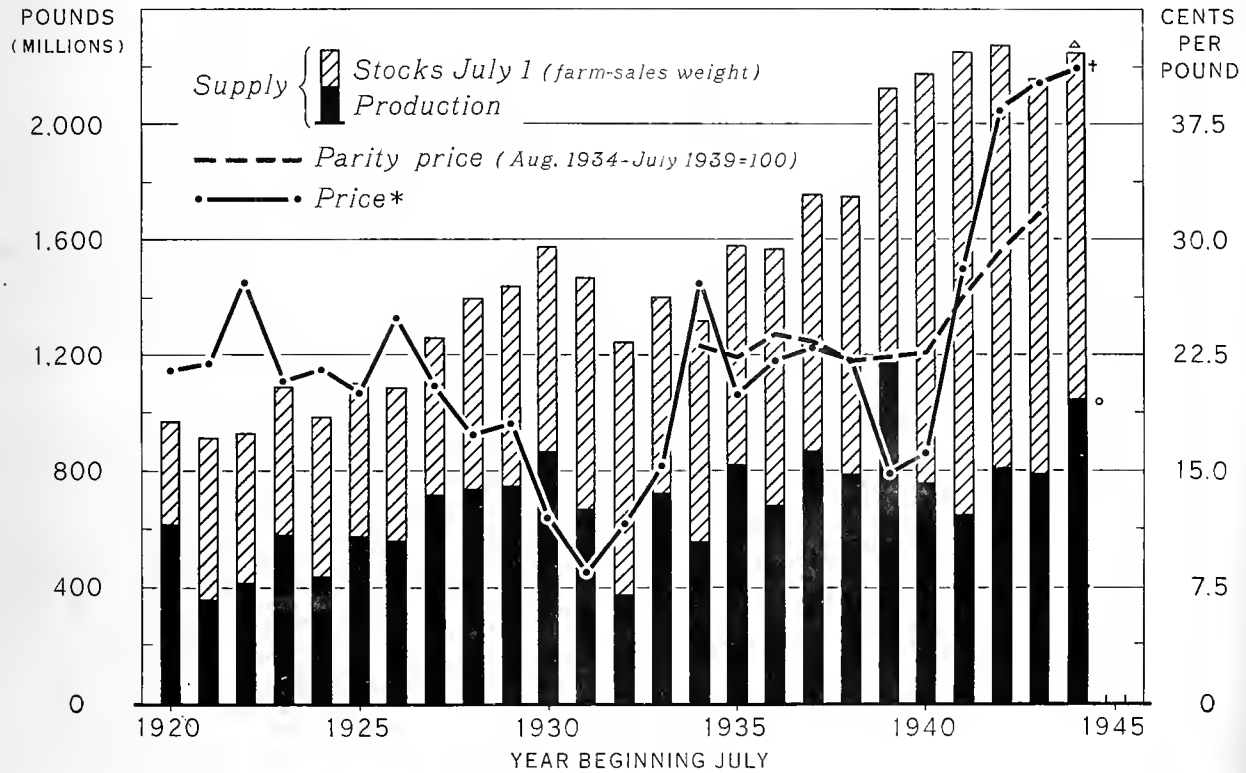
1945 OUTLOOK ISSUE

THE Tobacco SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TS-30 BAE SEPTEMBER 1944

FLUE-CURED TOBACCO: SUPPLY AND PRICE IN THE UNITED STATES, 1920-44



*SEASON AVERAGE PRICE RECEIVED BY FARMERS △PRELIMINARY †ESTIMATED °INDICATED SEPT. 1

U. S. DEPARTMENT OF AGRICULTURE NEG. 26476 BUREAU OF AGRICULTURAL ECONOMICS

Production of flue-cured tobacco is expected to total 1,047 million pounds in 1944, second only to the record crop of 1939. Although stocks were further reduced last year, the supply available for the 1944-45 season will be larger than the preceding year. The average farm price this year and last topped all previous peaks back to 1919. The outlook for flue-cured during the next year or so is exceptionally favorable in view of the high rate of consumption in this country and the improved outlook for exports. Stocks in this country and in Britain are below normal in relation to demand, while there is probably no United States grown leaf on the Continent or in the Far East.

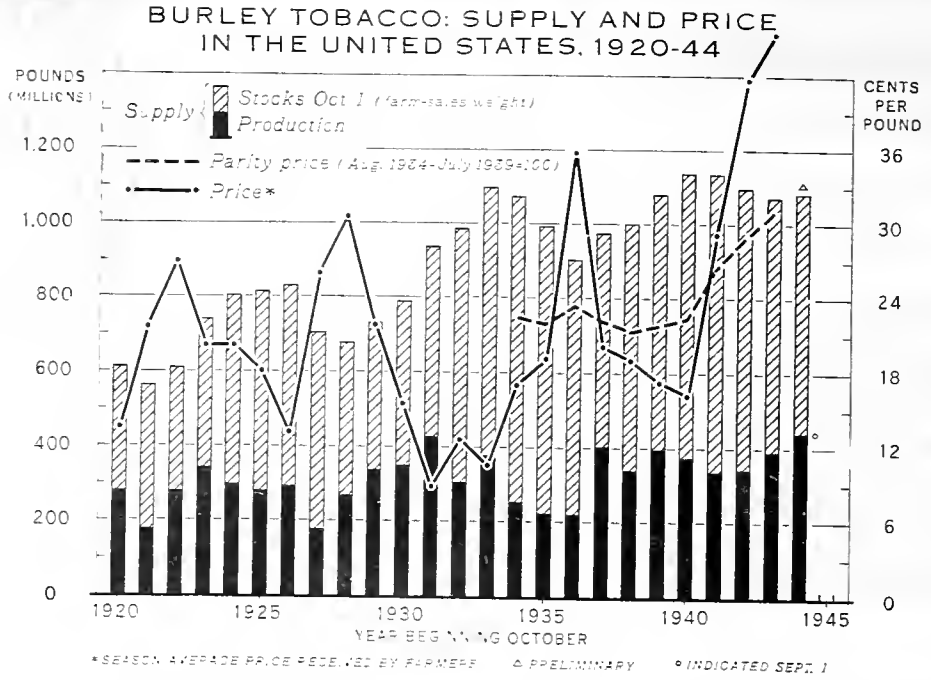


Figure 1.--In view of the prospective continued high level of consumption of cigarettes and the smallest carry-over of cigarette type tobaccos for several years, the outlook for burley is favorable. The exceptionally large 1944 crop gives an indicated total supply of burley for the current season not greatly different from the large supplies of the five preceding seasons. Burley prices are expected to continue exceptionally high in 1944-45 and a large gross farm income is essentially certain from the 1944 crop. With the expected acreage and average yields, farm income in 1945-46 is also expected to be large.

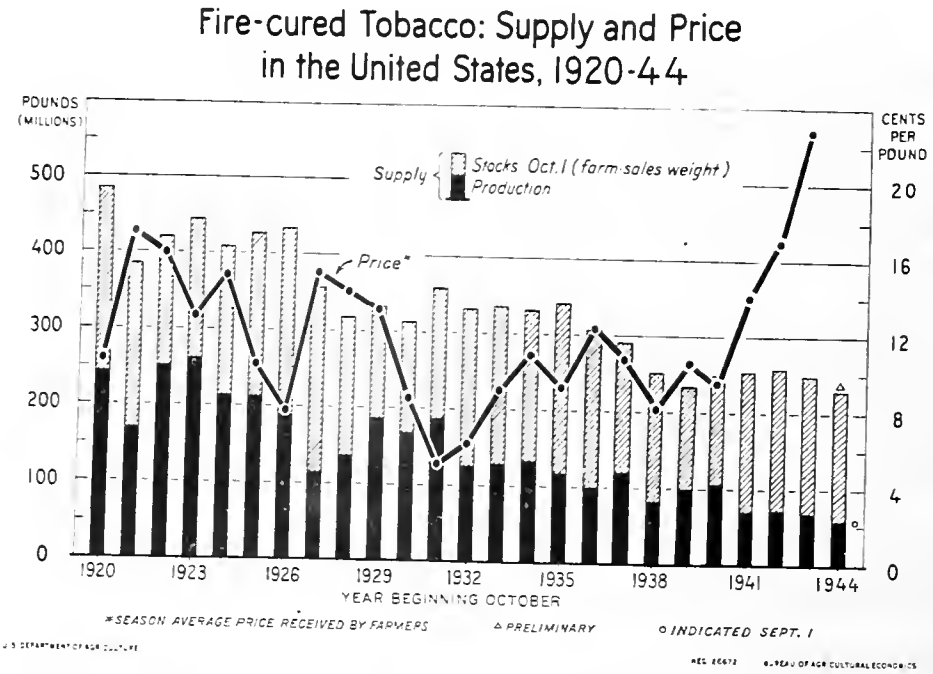


Figure 2.--Over a period of years, the demand for fire-cured tobacco produced in this country was downward, largely because of the declining exports. Consequently, the trend in prices paid farmers was downward. Since the outbreak of war, however, prices of fire-cured and other dark tobaccos have advanced sharply, because of increased demand for products manufactured from the dark types and the increased diversion into nicotine sulphate for insecticides. The fire-cured price outlook for the next year or two is expected to be reasonably favorable mainly in view of probable increased exports.

THE TOBACCO SITUATION

1945 Outlook Issu

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Summary

In general, the outlook for tobacco during the next year or so is favorable, in view of the continued high level of domestic consumption of lea tobacco, particularly flue-cured and burley, and the improved outlook for exports. Governments of liberated countries own outright a considerable amount of export types of tobacco stored in this country, and as conditions permit, this tobacco will probably be exported. Stocks of aged tobacco in this country and in Britain are below normal in relation to disappearance, while there is probably little United States grown tobacco on the European Continent or in the Far East. In view of the low level of stocks and the probable post-war foreign demand, exports during the years immediately following the war should be substantial. The exact level of United States exports will depend on a number of factors such as the nature and extent of aid given Allied and friendly nations, international monetary and credit policies, trade agreements, and the supply situation in other exporting countries. Although it appears likely that lend-lease will continue in substantial volume another year or so, and that an increase in foreign demand for flue-cured and dark tobacco may follow immediately after the end of the war in Europe, it is possible that exports may tend to decline over a longer period of time.

The overall consumption of tobacco products, including the overseas military, is continuing at or near the highest level in the history of the industry. Domestic consumption has declined in recent months, but this decline has been offset by increased shipments to the armed forces abroad. Domestic consumption of cigarettes is down slightly from a year ago, but consumption of snuff and chewing tobacco is at an all-time peak. Cigar and smoking tobacco consumption remains at a low level, but some increase is expected in the near future. Consumption of cigarettes is expected to continue at a relatively high level throughout most of 1945, but that of chewing tobacco and snuff may decrease as employment in war plants declines.

Although stocks of flue-cured tobacco are now higher than in most prewar years, they, as well as stocks of burley and some of the other types, are below normal in relation to the present rates of disappearance. So far in this war, however, supplies of tobacco appear to have been sufficient to take care of the huge wartime demands.

Inventories of leaf tobacco at present are somewhat below a year ago, but with the large 1944 crop now entering stocks, the indicated supply is about the same as last year. With consumption tending to level off, little or no further reduction in stocks is anticipated.

The high prices paid for tobacco this season and last will offer an incentive to farmers to increase production next year, and in view of the high level of consumption and the improved outlook for exports, it appears that larger acreages of most types could be grown and sold at profitable prices. Supplies of certain types, however, notably burley and cigar wrappers, appear adequate in view of the outlook for requirements. Burdensome stocks of dark tobaccos of former years have been reduced and are now in line with probable

Although the immediate post-war outlook for tobacco is fairly bright, growers should not lose sight of the fact that over a longer period of time (perhaps 3-5 years) the situation might not prove particularly favorable. Should industrial employment and consumer incomes decline appreciably in the early post-war period, stocks and supplies of tobacco could pile up quite rapidly and tobacco prices decline materially.

-- September 30, 1944

CONSUMPTION OF TOBACCO PRODUCTS

Cigarette Consumption Continues at High Level; Changes in Pattern of Consumption Expected

It is estimated that during the fiscal year ended June 30, 1944, the number of cigarettes consumed in this country, based on tax-paid withdrawals, amounted to more than 258 billion, the highest for any fiscal year on record. This is an increase of 5.5 percent over the preceding fiscal year and represents a per capita consumption of 1,888 cigarettes, which is almost 60 times the utilization in 1900. The present monthly rate of domestic consumption is running slightly below last year. Tax-paid withdrawals during the first 7 months of 1944 amounted to approximately 138 billion, a decline of 1.47 percent below the corresponding period of 1943. Although tax-paid withdrawals on a monthly basis may be somewhat misleading, inasmuch as there are seasonal influences, it is perhaps significant that consumption of cigarettes in this country during July was 11 percent below the same month a year earlier It is largely explained by a shortage of most of the leading brands in retail stores, brought about by the huge requirements of the armed forces abroad, as well as by a shortage of shipping containers, and by a limited supply of factory labor. Even if the large number of cigarettes shipped abroad to the armed forces were included, it is probable that total production of cigarettes in this country is now running below the high level of 1943-44 fiscal year. It is likely, however, that the present shortage of cigarettes is only temporary, inasmuch as the labor and container problems in the industry should become less acute in the near future. Since the industry has no major reconversion problems, production during the next year or so should be sufficient to maintain the present relatively high level of consumption.

The major factor in the exceptionally strong demand for flue-cured and burley tobaccos during the past two seasons is the high level of manufacturing and consumption of cigarettes. It is estimated that the unstemmed equivalent of leaf tobacco used in the manufacture of tobacco products in 1943 amounted to more than 1,200 million pounds, compared with 1,131 million in 1942, and

885 million in 1939. Of the total consumption in 1943 of all types of tobacco an estimated 865 million pounds were used in the manufacture of cigarettes and 150 million pounds in smoking tobacco (largely granulated smoking), the principal products manufactured from flue-cured and burley leaf. The total consumption figures include many types of leaf tobacco, but flue-cured and burley probably accounted for 75 percent of the total.

Although consumption of tobacco products in this country is continuing at an exceptionally high rate, it appears to have reached a peak in 1943, both in the aggregate and on a per capita basis. In terms of leaf equivalent (which includes foreign-grown tobacco), the estimated per capita consumption in this country in 1943 was 8.7 pounds compared with 8.5 pounds in 1942 and 7.3 in 1939. This is by far the largest per capita consumption of tobacco in the history of the industry. Consumption during the remainder of 1944 and 1945 is expected to continue at or near the present high level.

Per capita consumption of smoking tobacco, another outlet for flue-cured tobacco and burley, has declined rather consistently since the outbreak of war and is at the lowest point on record. Production, as reported by the Bureau of Internal Revenue, during the past fiscal year ended June 30, totaled 142 million pounds, 20 million below a year earlier. Production during the first 6 months of 1944 totaled 57 million pounds, 26 percent below the 77 million pounds produced during the first half of 1943. It appears likely that the low point in the consumption of smoking tobacco has been reached and that a reversal of the trend will be seen at an early date. Behind the drastic reduction in the consumption of smoking tobacco during the war is the prohibition of smoking in war plants. Consequently, pipe smoking has given way to the use of chewing tobacco and snuff.

Consumption of both chewing tobacco and snuff has shown remarkable increases over pre-war years, and as employment in war plants is reduced, the consumption of these products will be likely to decline along with a corresponding rise in consumption of smoking tobacco.

Other changes in the pattern of consumption of tobacco products may be expected to follow the end of the war, if there is any substantial decline in employment. Inasmuch as the demand for and consumption of tobacco products is affected by the purchasing power of consumers, any substantial reduction in employment will be likely to cause a reduction in total consumption as well as some shift from the more expensive to the cheaper forms of tobacco. During years of declining industrial activity and declining wage income, such as in 1921 and the early 1930's, there were decreases in the overall consumption of tobacco products; while in periods of rising industrial employment, there were increases in the consumption of tobacco products. Changes in the purchasing power of consumers, however, affect the various tobacco products differently. During periods of expanding employment and rising incomes, the demand for higher-priced cigars and cigarettes, particularly the latter, expands, while the demand for smoking tobacco declines. These changes have been especially pronounced during this war. Sales of cigars in the higher-priced classes have increased substantially, whereas sales of low-priced cigars have greatly declined. But the decline in the consumption of low-priced cigars is due primarily to lowered output of these types.

In the last war, the overall consumption of tobacco products reached a peak of 7.33 pounds per capita in 1917, but declined each year thereafter until 1921, a total decline of almost 15 percent during the 4-year period. The 1917 level of total consumption was not reached again until 1940. Cigarette consumption after the first World War, contrary to the general trend, continued to advance throughout the post-war period, and established a new peacetime record of 2.77 pounds per capita in 1929. Consumption of smoking tobacco and snuff remained fairly stable during the years immediately following the war, but a decline in chewing tobacco began in 1918 that continued without interruption until the outbreak of the second World War. The small per capita increase in consumption of chewing tobacco, which has taken place since 1940, is probably only temporary.

FLUE-CURED, TYPES 11-14

Second Largest Crop on Record; Prices Highest Since 1919; Returns at All Time High

Despite a late spring and drought conditions in most areas during the early part of the growing season, the 1944 crop of flue-cured tobacco is now expected to be the second largest on record. Production is now placed at 1,047 million pounds, compared with 788 million last year and the record crop of 1,171 million in 1939. The indicated increase in this season's production over last season's is a result of both a large acreage and a higher yield per acre. Only in Virginia, where drought conditions were most prolonged, is the estimated yield below 1943.

Although the increase in production is general for all types, it is especially pronounced for type 12, the 1944 crop of which is estimated to be nearly 367 million pounds, as compared with 282 million last season. Up to July 1, the weather was particularly unfavorable in Eastern North Carolina (type 13) and in the Old Belt of North Carolina and Virginia (type 11). After that time, more favorable growing conditions prevailed over most of the areas, and the prospective yields and total production improved considerably as the season progressed. The September 1 indicated average yield for all flue-cured is 1,058 pounds per acre, compared with 995 a month earlier and 933 last year.

With approximately one-half of the 1944 crop already sold, it appears that the average price received by farmers will be about 41-1/2 cents per pound as compared with 40.2 last year. Prices are the highest since 1919 when the average was 44.4 cents. The increase this year in both production and price is expected to result in a return to farmers of about 400 million dollars, compared with 339 million in 1943 and 183 million in 1941. Although the average price per pound for the 1919 crop was higher than at present, the total returns to farmers, because of the smaller crop, was less than that now estimated for the 1944 crop by about 169 million dollars.

1944 Crop Under Maximum Price Regulation With Differentials Between Tied and Untied Tobacco

Before the opening of the Georgia-Florida markets in July, the Office of Price Administration announced that the 1944 crop of flue-cured tobacco would be placed under a maximum price regulation with a differential of 4-1/2 cents per pound between tied and untied tobacco. The order, effective July 28, provided for a maximum weighted average purchase price at the grower's level of 43-1/2 cents per pound for tobacco tied in hands (applicable to types 11-13 produced in the Carolinas and Virginia) and 39 cents for untied tobacco (applicable to type 14 produced in Georgia and Florida). Opening of the markets in Georgia and Florida, originally scheduled for July 21 by the United States Tobacco Association, was delayed owing to an appeal by growers to the Office of Price Administration for an increase in the ceiling prices. The request was refused by the Price Administrator on the grounds that (1) the announced 1944 ceiling prices were in accord with the provisions of the Emergency Price Control Act of 1942 as amended, and (2) that any further increase in manufacturers' leaf costs may necessitate an upward revision in cigarette prices, and, therefore, would not be in keeping with the Administration's program of economic stabilization. This decision of the Office of Price Administration was upheld by the Director of the Office of Economic Stabilization and, after the decision was anounced, the Georgia-Florida markets opened for sale of the 1944 crop. The differential that exists under the regulation between the price for tied and untied tobacco is that recommended by the Flue-Cured Tobacco Advisory Committee and other representatives of the industry.

In addition to price ceilings at the grower's level, the 1944 regulation, unlike those of previous years, provides for control of all sales of the crop from producer to manufacturer. The regulation provides for mark-ups on resales by dealers based on historical prices charged by dealers to various types of purchasers. It also sets prices that may be charged for stemming and redrying services which may be performed by dealers.

Allocations to Domestic and Foreign Users Increased as Result of Larger Crop Prospects

Owing to the exceptionally strong demand for flue-cured tobacco this season, and the necessity for the establishment of ceiling prices, the War Food Administration, in order to insure a fair distribution of the crop among the various buying interests, placed restrictions on the purchases of the 1944 crop of flue-cured tobacco by manufacturers and dealers. The crop was also allocated as to foreign and domestic use.

Under the original order (issued July 18), manufacturers and dealers were allocated 516 million pounds, based on July 1 estimated production of 834 million pounds. An amendment to this order on August 17 increased these allocations to 610 million pounds based on the August 1 crop estimate of 984 million pounds.

Because the September 1 estimate was still larger (1,047 million pounds), the order was amended so as to increase the quantity of tobacco allocated to cigarette manufacturers from 578 million to 624 million pounds. The new allocation to manufacturers is 96 percent of the quantity used by these manufacturers in the year ended June 30, 1944, and only 2 percent less than they purchased from the record 1939 crop. Dealers are allowed to purchase 167 million pounds, of which 128 million pounds are intended for sale to manufacturers. The remainder will be applied to export requirements. This is 142 percent of the 1943 dealer allocations. Total allocations under the new amendment, including relief grants, is 1,021 million pounds. Of that total 391 million pounds are to meet the requirements of Allied and friendly nations.

It was stated that should 1944 production reach 1,047 million pounds, the allocations for domestic use probably will be increased. According to present indications the quantity available to manufacturers from the 1944 crop will equal or exceed the amount used by them during the 12-month period ended June 30, 1944.

Sales of Types 13 and 14 Completed; Types 11 and 12 Now Selling

Georgia-Florida markets for type 14 opened July 31 with prices for most all grades below the opening week of last year. The first week of sales was characterized by a relatively strong demand and a very narrow range in price between higher and lower grades. This was a continuation of a trend that has been pronounced in most all flue-cured markets during the past two seasons. Beginning with the second week of sales and continuing throughout the remainder of the season, there was a tendency for prices of lower grades of tobacco to weaken, while prices paid for higher quality leaf improved notably. At the close of the season on September 8, sales of type 14 totaled 113 million pounds at an average price of 36 cents per pound, 3 cents below the established ceiling for this type. In 1943, growers received an average of 39.0 cents per pound for type 14, the highest on record. The season average price for the entire flue-cured belt (types 11-14) was 40.2 cents per pound. Last year, the price spread between the various types was unusually narrow, however,

South Carolina and Border Belt (type 13) markets began sales on August 8 with a strong demand for practically all grades. Prices for better grades during the first week of sales were higher than in the corresponding period last year, while prices of low quality leaf declined. Most of the 1944 crop had been disposed of by September 27, with 215 million pounds having been sold at an average price of 43 cents per pound. The crop is of good quality and the larger crop and higher prices will bring a record return to growers of this area.

Eastern North Carolina Belt (type 12) markets opened August 28 with a strong demand for leaf of all qualities. Although the quality of the offerings was below last year's, average prices were about 3-1/2 cents per pound higher this season than in the opening week of 1943. The 1944 crop of type 12 tobacco is said to be light in weight and thin bodied and, therefore, highly desirable for cigarette manufacture. Net sales through September 27 amounted to 123 million pounds at an average of 41.8 cents per pound, compared with last season's average of 40.3 cents, and about 2 cents below the 1944 established ceiling of 43-1/2 cents. Producers' sales on Middle Belt markets (type 11b)

through September 27 totaled approximately 16 million pounds at an average of 42-1/2 cents per pound. Sales on the opening day of the Old Belt markets (type 11a) totaled approximately 5 million pounds at an average of 42-1/2 cents per pound.

Stocks Below Year Ago; Disappearance at Record Level

As a result of the high level of manufacturing, substantial lend-lease shipments, and other exports, stocks of flue-cured declined still further during the past season, which ended June 30, 1944.. On July 1, 1944, stocks held by manufacturers and dealers were placed at approximately 1,188 million pounds (farm-sales weight), 191 million pounds below July 1, 1943. Moreover, of this total, about 154 million pounds consisted of leaf held by or for the account of the Commodity Credit Corporation and was earmarked for export. Of the total estimated stocks of flue-cured on July 1, 1944, more than 1,000 million pounds will be available for domestic manufacturing. With domestic consumption of tobacco tending to level off, and a near record crop in 1944 now entering stocks, it is possible that the stocks situation will have improved by July 1, 1945. Stocks of flue-cured now represent slightly more than 18 months' utilization at the current rate of manufacturing, which is below normal. Disappearance of flue-cured tobacco in the 1943-44 marketing year totaled approximately 980 million pounds, an increase of 12 percent over the preceding year and almost 70 percent over 1940, the first full year of the war.

It is expected that acquisitions by the Commodity Credit Corporation from the 1944 flue-cured crop may exceed 330 million pounds. With substantial quantities of 1943 tobacco still on hand, lend-lease shipments in 1944-45 may be somewhat larger than the preceding year, and shipments on a regular cash basis should be above last year. Of the total exports to Allied nations in 1943-44, approximately 1/3 consisted of lend-lease shipments and 2/3 of cash shipments. Inasmuch as foreign stocks are low, total exports of flue-cured are expected to be somewhat larger next year. The expected increase in exports should offset any decline in domestic consumption, and, with the large 1944 crop, disappearance of flue-cured in 1944-45 would be somewhat less than last season, and leave stocks on July 1, 1945, at about the same level as on July 1, 1944. After allowing for Commodity Credit holdings, such stocks would be large in comparison with average carry-over in the past, but would be smaller in relation to consumption than on the average in recent years.

With present high prices for flue-cured leaf, growers will have an incentive to increase the acreage and production next year. Inasmuch as the labor and fertilizer situation is expected to improve, a 1945 crop of flue-cured tobacco larger than that of 1944 could probably be grown and sold at profitable prices.

Long-Time Outlook for Foreign Markets Uncertain

Although it appears likely that lend-lease will continue in fairly large volume and that a sharp increase in foreign demand for United States flue-cured tobacco may follow immediately after the end of the war in Europe, it is

Nothwithstanding the record utilization, the outlook with regard to next year's total supply is more favorable than manufacturers' and dealers' inventories, mainly because of the relatively large 1944 crop. For the 1944-45 season the supply of burley leaf available for domestic manufacturing, export, and carry-over, as now estimated, represents 250 percent of estimated disappearance compared with 245 percent for last season and 335 percent for the 1940-41 season. But because of the large 1939 crop, the supply of leaf in 1940 was exceptionally large in relation to disappearance. With a 1944 crop of 441 million pounds and a carry-over of 641 million pounds, the total supply available for domestic manufacturing and export and carry-over would be 1,082 million pounds for the 1944-45 season, an increase of about 6 million pounds over that for 1943-44.

In view of the continued strong demand for cigarettes and the relatively low level of stocks, the outlook for burley tobacco during the next year or so is favorable. Domestic demand for the leaf should remain strong and prices paid growers favorable. Because of the difficulty of obtaining some brands of cigarettes and the decline in employment in war plants, where smoking is prohibited, the use of the leaf in the manufacture of smoking tobacco may increase. Any increase in the consumption of smoking tobacco would affect burley more than any other type. Unlike flue-cured, little burley is exported normally, but in view of the low level of stocks of cigarette tobacco in Britain and on the Continent, it is likely that exports will increase somewhat during the next year or so over present levels.

Largely as a result of the increased popularity of cigarettes, domestic consumption of burley has increased over a period of years, both in the aggregate and on a per capita basis. Domestic consumption has increased from 226 million pounds in 1923-to 410 million pounds in 1943, or, on a per capita basis, from slightly less than 2 pounds to more than 3 pounds. During the same period, the consumption of cigarettes has increased from 1.73 pounds per person (total population) to approximately 5.54 pounds. Smoking tobacco, on the other hand, declined from 1.39 to 1.10 pounds during the same period of time, and chewing tobacco declined from 1.93 to 0.83 pounds per capita.

As in the case of flue-cured, a 1945 crop of burley somewhat larger than the 1944 crop could be produced and sold at profitable prices. But in view of the relatively large crop in 1944 and the indicated increase in the supply, together with the expected decline in employment and a reduction in consumer purchasing power, any further increase in burley production at this time appears to be undesirable. Moreover, burley is not an export tobacco, and the improved outlook for exports does not apply to this type to any great extent. Because of this fact, any decline in domestic consumption has a greater greater effect on burley than on flue-cured. Since the price of tobacco this season is expected to be more favorable than the prices of competing crops, there will be considerable pressure to increase burley production next year, possibly to the ultimate disadvantage of burley growers.

MARYLAND, TYPE 32

The estimated 1944 production of Maryland tobacco as of September 1 is approximately 29 million pounds, compared with an estimated 17-1/2 million pounds in 1943, and an average of 28.9 million for the 5-year period 1935-39. According to reports, the 1944 crops is of high quality, containing a larger than usual percentage of better grades of leaf. In view of the strong demand and low inventories of Maryland, prices paid for this year's crop, which will be sold in 1945, should be relatively high.

Table 3.- Maryland tobacco: Domestic supplies, disappearance and season average price, average 1935-39, annual 1940-44 1/

Year	Production (sold in the following year)	Stocks, Jan. 1 of following year	Total supply for the following year	Disappearance during the following year	Season average farm price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Average 1935-39	28.9	38.4	67.3	27.9	20.4
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	2/32.0	2/56.5
1943 2/	17.6	43.8	61.4	3/32.0	2/45.6
1944	4/29.1	3/29.4	3/58.5		

1/ Farm-sales-weight equivalent.
2/ Preliminary.
3/ Estimated.
4/ Indicated September 1.

Average Price for 1943 Crop Below 1942

The four Southern Maryland auction markets began selling the 1943 crop May 9 and closed for the season August 31. Net farm sales (which included some 1942 crop tobacco) were in excess of 17 million pounds at an average price of 45-1/2 cents, compared with 56 cents for the 1942 crop. In addition to the sales on the auction markets, Baltimore sales through September 1 amounted to 3,400,000 pounds. Combined sales on auction floors and Baltimore markets were 20-1/2 million pounds, at an average price of roughly 45 cents, contrasted with 25 million pounds at an average price of 56 cents last year.

The 1943 crop of Maryland was one of the smallest on record, and exceptionally poor in quality. Demand for better grades suitable for cigarette manufacture was strong, and prices for such grades were at the ceiling price of 62 cents per pound throughout the season. However, because of the large percentage of poor quality leaf, the price of which was substantially lower, the season's average price was well below last year's average.

Just before the opening of the Maryland auction markets, the Office of Price Administration anounced a maximum price regulation on the 1943 crop of Maryland. This regulation, the first issued on Maryland tobacco, established a maximum weighted average purchase price of 52 cents per pound. Markets opened May 9 but were closed almost immediately after sales began, owing to dissatisfaction with the prices offered by buyers. It was evident that, under the existing circumstances, the season average returns to growers would be substantially below that contemplated under the regulation. Consequently, Maximum Price Regulation No. 532 was revised, effective May 20. The revised regulation established a maximum ceiling price of 62 cents per pound for any sale of Maryland tobacco except those made by dealers, for whom seaparate provisions were made. The new order allowed flexibility in that it permitted buyers to make purchases according to needs, but only so long as the 62-cent ceiling was not violated. The averaging of all purchases, and the necessity of proportioning all purchases in such a way as to be within the price ceiling at the end of the season, was no longer necessary as under the earlier regulation.

Further Reduction in Stocks Indicated; Consumption at Record Level

As a result of the high level of domestic manufacturing, stocks of Maryland tobacco at the beginning of the marketing season were below a year earlier, and a further reduction is indicated for January 1, 1945. On July 1, 1944, stocks held by dealers and manufacturers totaled 39 million pounds (farm-sales weight) which was below July 1, 1943. Additions to manufacturers' stocks through purchases of the 1943 crop are substantially less than 1944 consumption. It is expected that disappearance of the leaf during the present calendar year will be about 73 percent of stocks (as reported January 1, 1944), compared with 67 percent a year earlier. Assuming a 1944 disappearance of 32 million pounds, stocks on January 1, 1945, would be reduced to about 28 million pounds or less, and, in relation to demand, the lowest in many years. Since very little Maryland has been exported during the war, practically all of the stocks held by manufacturers and dealers will be avilable for domestic consumption, and a large percentage for the manufacture of cigarettes. Despite the relatively large 1944 production, the outlook is for a sharply reduced supply of Maryland next season. The indicated 1944 crop of 29 million pounds, plus estimated stocks of 29.4 million for January 1, 1945, would result in a total supply of 58.4 million available for 1945. Because of low inventories, consumption of Maryland has probably reached a peak for the war period, and is likely to decline during the next year or so. But even with a slight reduction in disappearance, it will take several years of average production to rebuild stocks to the pre-war level.

Although the outlook for exports of tobacco generally is more favorable now than at any time since the entrance of this country into the war, it is not likely that exports of Maryland will increase to any great extent in the near future. The trend in exports has been downward for a long time. Prior to 1930, exports amounted to more than 50 percent of the total production. In 1926 exports of Maryland leaf amounted to more than 20 million pounds, or 80 percent of that year's production, whereas in 1942 less than 2 million pounds or .5 percent of the crop was exported. During that time Maryland

tobacco has become increasingly popular with domestic cigarette manufacturers. The leaf is now used primarily in the manufacture of cigarettes, but its consumption has not increased in proportion to the rise in the consumption of that product.

Because of its increased popularity and the tendency for production to remain fairly stable, the price of Maryland, in relation to flue-cured and burley, has advanced over a period of years. If the long time upward trend in cigarette consumption continues, the demand for Maryland should remain fairly strong and from the standpoint of both the long-time outlook and the present supply and demand conditions, a considerable expansion in acreage and production in the next few years seems desirable. But further increases in production of Maryland leaf will depend upon the availability of labor, and the price of Maryland in relation to prices of flue-cured and burley. The proximity of the Maryland district to the centers of industrial activity makes labor increasingly difficult to obtain, and it is likely that the cost of production and marketing of Maryland is considerably greater than either flue-cured or burley.

DARK TOBACCOS

Indicated Production About Same As Last Year

The 1944 domestic production of all dark tobaccos is now placed at approximately 95 million pounds, which is about the same as last year, but more than 1/3 less than the average production during the 5-year period 1935-39. The slight increase which is indicated is due entirely to the larger acreage, as the yield per acre is below 1943.

Fire-cured is the only major type of tobacco to show a decline in production this year. The 1944 crop as of September 1 is placed at 59.8 million pounds, 5 million below the record low of 64.8 million pounds produced in 1943. As of July 1, the fire-cured acreage was placed at 65,800 acres, a 4.4 percent decrease below the 68,800 acres harvested in 1943. Indicated fire-cured yield this year is 908 pounds per acre compared with 942 last year. Although crop conditions improved during August, the crop suffered from unfavorable weather during most of the season. The 1944 crop of Virginia fire-cured is placed at a little over 12 million pounds, up 2-1/2 million from 1943, and the only fire-cured type to show an increase over last year.

In contrast to fire-cured, the 1944 production of dark air-cured (types 35-37) is expected to be above 1943. The crop is now placed at 35 million pounds -- an increase of about 5 million pounds over 1943. Production of One Sucker (type 35) is placed at 20 million pounds compared with 17 last year. Production of Green River (type 36) is expected to reach 12-1/2 million pounds compared with the record low of 11 million pounds in 1943. This year's production of Virginia sun-cured (type 37) is expected to be slightly above last year's production of 2 million pounds. Despite the small increase in dark air-cured this year over last, the 1944 crop of dark tobaccos is one of the smallest in many years, and represents a continuation of the long-time downward trend in the production of dark tobaccos in this country.

Stocks Low in Relation to Demand; Decrease in Supplies of Dark Tobaccos Indicated

Largely as a result of the small 1943 crop and some increase in domestic consumption, stocks of all types of dark tobaccos are below a year ago. Inventories of manufacturers and dealers on October 1, 1944, are expected to total about 229 million pounds, compared with 245 million in 1943 and 207 million in 1940. The 1944 crop of 95 million pounds, together with the estimated carry-over of 229 million pounds, gives an available supply of slightly less than 324 million pounds for the season beginning October 1, 1944. This is about 16 million pounds less than a year earlier and 15 percent below the average for the 5-year period 1935-39 when there was a definite surplus of dark tobaccos. Domestic consumption and exports for the 1943-44 season is preliminarily placed at 111 million pounds, about the same as the previous year, but well below the 1935-39 average of 157 million pounds. Disappearance during 1944-45 is expected to be somewhat larger than the present season.

Stocks of fire-cured (types 21-24) as of October 1, 1944, are expected to be about 11 million pounds below the 180 million pounds reported on October 1, 1943. Total disappearance of 76 million for the year ended September 30, 1944, is about the same as the preceding season. Stocks of dark-air-cured (types 35-37) are preliminarily placed at 60.5 million pounds for the beginning of next season, about 5 million below October 1, 1943, and about the same as the 1935-39 average. Owing to the increase in production this year, the supply for the 1944-45 season is placed at 96 million pounds, about the same as a year earlier. Disappearance during 1943-44 season is about the same as the 1942-43. Domestic consumption and exports of One Sucker (type 35) of 19 million pounds was about 4 million pounds greater than the previous season. Disappearance of Green River (type 36) is less this season than last, and Virginia sun-cured is about the same.

Outlook Favorable

In view of the strong demand for leaf tobacco during the past two seasons and the high level of consumption of snuff and chewing tobacco, the outlook for dark tobaccos during the next year or so is favorable. The low level of production during the past 4 or 5 years, and the increased domestic consumption (including the diversion program) have combined to bring supplies more nearly into line with probable demand than at any time in many years. For a long time prior to the present war, the trend in demand for and consumption of dark tobaccos produced in this country was downward. This was due mainly to a shrinkage in export markets, although reduced domestic consumption was a factor of some importance. During the years immediately preceding the outbreak of this war, an average of 70 million pounds was exported annually. This was less than one-half the volume exported during the early 1920's. Following the outbreak of war in 1939, the stoppage of trade with the countries of Continental Europe reduced still further the exports of fire-cured and dark air-cured tobacco from the United States.

Although exports of dark tobaccos are now at the lowest level in many years, the outlook for exports is much more favorable than a year ago. Inasmuch as stocks on the European Continent are probably low and shipping conditions are expected to improve, exports during the next year or so should be considerably above present levels. It is likely that a considerable quantity of the dark tobaccos in the United States, which is owned outright by the Governments of the liberated countries, will be exported during the 1944-45 season. Since the tax on tobacco products is a major source of revenue, it is probable that finances will be made available for the purchase of additional tobacco by these nations. With the brighter outlook for exports, and the continued high level of domestic consumption in prospect, it appears that a considerably larger crop of dark tobacco, particularly fire-cured, could be produced and sold at profitable prices in 1945. Although exports of dark tobaccos from the United States may increase substantially during the next year or so, it appears likely that over a longer period of time they may decline to a relatively low level. Production on the Continent appears to have increased, even under war conditions, and once stocks in those countries are again normal in size, it appears probable that United States producers may again face severe competition from European growers.

Domestic Consumption of Snuff and Chewing Tobacco Continues at High Level

Domestic consumption of snuff and chewing tobacco, the principal products manufactured from dark tobaccos produced in this country, has increased under war conditions. Although the per capita consumption of these products has declined over a period of years, the aggregate quantities consumed now are at the highest level in many years.

Domestic consumption of snuff, the principal trade outlet for fire-cured tobacco, has shown a substantial increase over pre-war years, but is now running below the record level established last year. Per capita consumption of snuff has been fairly stable over a period of years, but has increased from .29 pounds in 1939 to an estimated .33 in 1943. During the 12 months ended June 30, 1944, domestic consumption, as indicated by sales of revenue stamps, totaled 42.7 million pounds compared with 41.9 million pounds the preceding year. This is the highest total consumption of snuff on record. During the first 7 months of the present calendar year, tax-paid withdrawals of snuff were 5 percent below the same period in the past year, and during the month of July withdrawals were 26 percent below July 1943.

Production of chewing tobacco (plug and twist), the principal products manufactured from dark air-cured, continues at a high rate. As reported by Internal Revenue, production of plug chewing was 30.7 million pounds during the first 6 months of 1944, an increase of 7 percent over 28.8 million pounds produced during the corresponding period of 1943. Furthermore, June showed an increase of 18 percent over the same month of the preceding year. During the fiscal year 1943-44, almost 61 million pounds of plug chewing were produced, the largest for any 12-month period on record. During the first 6 months of the present calendar year, production of twist amounted to 3.2 million pounds, a slight decline from a year earlier. Consumption of these products will probably continue at a relatively high rate for the remainder of the period of high industrial activity and employment in war plants, but the recent upturn does not appear to represent a reversal of the long-time downward trend in the per capita consumption of chewing tobacco in this country.

Table 4.- Dark tobaccos: Domestic supplies, disappearance, and season average price, average 1935-39, annual 1940-44 1/

Year	Production	Stocks Oct. 1	Total supply	Disappearance, year beginning Oct.	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Fire-cured types 21-24, and dark air-cured Types 35-37					
	TOTAL ALL DARK TOBACCOS				
Average 1935-39	139.9	240.7	380.6	157.1	9.9
1940	150.1	207.2	357.3	99.0	9.0
1941	101.2	258.3	359.6	111.0	13.4
1942	106.7	248.6	355.3	2/ 110.2	16.4
1943 2/	94.8	245.1	339.9	3/ 110.9	24.6
1944	4/ 94.9	3/ 229.0	3/ 323.9		
	Fired-cured				
Total, types 21-24					
Average 1935-39	103.6	181.4	284.9	120.0	10.3
1940	107.6	141.6	249.2	65.3	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	2/ 76.3	17.1
1943 2/	64.8	179.8	244.6	3/ 76.1	23.4
1944	4/ 59.8	3/ 168.5	3/ 228.3		
	Dark air-cured				
Total, types 35-37					
Average 1935-39	36.3	59.3	95.7	37.1	8.9
1940	42.5	65.6	108.1	33.7	7.7
1941	31.5	74.4	106.0	42.0	12.0
1942	35.2	64.0	99.2	2/ 34.0	15.2
1943 2/	30.0	65.3	95.3	3/ 34.8	27.2
1944	4/ 35.1	3/ 60.5	3/ 95.6		
One Sucker, type 35					
Average 1935-39	17.7	29.6	47.3	17.9	8.1
1940	21.9	31.9	53.8	18.1	7.5
1941	15.7	35.7	51.4	19.9	11.4
1942	17.9	31.5	49.3	2/ 14.9	15.5
1943 2/	17.0	34.4	51.4	3/ 19.3	24.9
1944	4/ 20.1	3/ 32.1	3/ 52.2		
Green River, type 36					
Average 1935-39	15.8	27.0	42.8	16.6	9.2
1940	17.5	30.1	47.6	12.6	7.6
1941	13.6	35.0	48.6	18.8	11.7
1942	14.9	29.8	44.7	2/ 16.7	13.7
1943 2/	10.9	28.0	38.9	3/ 13.4	29.4
1944	4/ 12.5	3/ 25.5	3/ 38.0		
Va. sun-cured, type 37					
Average 1935-39	2.8	2.8	5.6	2.6	11.9
1940	3.1	3.6	6.7	3.0	9.3
1941	2.2	3.7	6.0	3.3	17.9
1942	2.4	2.7	5.2	2/ 2.3	22.7
1943 2/	2.1	2.9	5.0	3/ 2.1	34.5
1944	4/ 2.5	3/ 2.9	3/ 5.4		

1/ Farm-sales-weight equivalent. 2/ Preliminary. 3/ Estimated. 4/ Indicated

CIGAR TOBACCO, TYPES 41-62

Larger Production Indicated;
Stocks and Supplies Lower

The September 1 indicated production of all cigar tobaccos in this country is 118.5 million pounds, 9 percent more than the 108.8-million-pound crop grown in 1943. The 1944 production is above 1943 for all types and in all major producing areas except in Georgia and Florida. By individual classes and types the indicated 1944 production estimates are: Filler 52.8 million pounds, binder 55.1 million pounds, and wrapper 10.6 million pounds. Type 62 is the only type to show a decline below 1943. In general the weather has been favorable in most cigar tobacco producing areas and the prospective yield of 1,371 pounds per acre (all types) is greater by about 5 percent than the average of 1,308 pounds for the 5-year period, 1935-39. Total stocks of domestically grown cigar tobaccos in the hands of manufacturers and dealers on October 1, 1944, are expected to be about 276 million pounds, 16 million less than on October 1, 1943. Of the separate classes, stocks of cigar filler and binder are expected to be smaller, but in the case of the wrapper types, a slight increase in stocks is indicated.

Because of the increase in the 1944 crop, the overall supply situation for cigar tobaccos is about the same as a year ago. The current production of 118.5 million pounds, plus estimated carry-over of 276.3 million pounds, gives an estimated total supply of 394.8 million pounds for the 1944-45 season. The supply situation, however, is somewhat different for the individual types and classes. Over a period of several years, there has been a substantial reduction in the supply of filler and binder tobacco and the present supply is low in relation to probable disappearance. The supply of wrapper, on the other hand, has gradually increased, and present stocks appear adequate for anticipated needs. A substantial increase in cigar filler and binder tobacco production in 1945 appears to be justified.

Holdings of foreign-grown cigar leaf in the United States on July 1, amounting to 26.7 million pounds, were slightly above those of a year earlier. Stocks in possession of manufacturers and dealers at the beginning of the marketing year (October 1) are not expected to change greatly from the 25.6 million pounds (farm-sales weight) reported on October 1, 1943. The proportions of the total represented by the various types will have changed to a considerable extent, however. Stocks of Cuban probably will be larger than a year ago, whereas stocks of Sumatra and Philippine leaf will be lower. Sumatra stocks reported as held by domestic manufacturers and dealers in July totaled 4 million pounds, a reduction of slightly less than 2 million pounds during the preceding 12 months. Stocks of Sumatra in this country are sufficient to last through most of 1946, although a considerable proportion of present holdings are not considered suitable for use by American cigar manufacturers under normal conditions. Stocks of Philippine tobacco in this country are practically exhausted. Holdings on July 1 amounted to only 185,000 pounds compared with 617,000 pounds a year earlier.

Domestic Consumption of Cigars at Low Level;
Military Requirements Substantial

Domestic consumption of cigars, as indicated by sales of revenue stamps, probably reached the peak for the war period during the 12 months ended June 30, 1942, when a total of 6.1 billion were withdrawn, the highest since 1930. Since that time the trend in consumption within the United State largely because of labor difficulties in cigar factories and large shipments to the armed services abroad, has been downward. Withdrawals during the 12-month period ended June 30, 1944, totaled slightly less than 5 billion, a decline of 19 percent from the preceding year. Consumption in the United State during this period was at the lowest level in over a decade and only slightl above the depression low of 1932-33. During the first 7 months of the prese calendar year, withdrawals totaled 2.7 billion, a decline of 420 million or nearly 14 percent below the corresponding period of 1943. Withdrawals of 35[illegible] million during July 1944 were almost 17 percent below July 1943. Inasmuch as tax-paid withdrawals do not include the large volume of tax-free cigars going to the armed forces abroad, tax-paid withdrawals are not an accurate measure of cigar production in the factories of this country during the war period. If these tax-free cigars were added to the number consumed domestically, it is probable that indicated production would show a decline considerably less than the decline indicated by tax-paid withdrawals.

During the past 18 months, as indicated by Internal Revenue figures, there has been a definite trend toward higher-priced cigars. The data indicate that the decrease in consumption is altogether in the low-priced groups, some of which have completely disappeared from the markets. For each of the 8 months of 1944 for which comparable data on production by classes are available, classes A, B, and C, have shown declines from the same months of the previous year. During July 1944, these classes showed declines of 41 percent 59 percent, and 39 percent, respectively. On the other hand classes D, E, F, and G, all higher-priced cigars, showed increases ranging from 53 to 339 percent. This shift has been brought about largely because of the inability of consumers to obtain lower-priced cigars. Primarily as a result of higher costs of labor and raw materials, producers have concentrated on the production of higher-priced cigars.

Domestic consumption of scrap chewing, the only other important trade outlet for cigar leaf tobacco, has increased under war conditions and is now at the highest level in many years. Production, as reported by the Bureau of Internal Revenue, during the fiscal year ended June 30, 1944, amounted to 52.9 million pounds, an increase of 4 percent over the 50.8 million produced during the corresponding period a year earlier. Although consumption is stil on the upgrade, the rate of increase is definitely slowing down. June 1944 production of 4.5 million pounds was an increase of 103,000 pounds or a littl over 2 percent over June 1943. There was a 7 percent increase for the 6-mont period ended June 30, 1944, as compared with the corresponding period a year earlier.

Table 5.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1935-39, annual 1940-44 1/

Type and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance: year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total filler, types 41-44 -					
1940	66.6	148.7	215.2	60.6	11.9
1941	71.4	157.0	228.4	61.7	12.4
1942	53.6	166.7	220.3	66.8	13.2
1943 3/	47.4	153.6	201.0	5/ 61.0	18.6
1944	4/ 52.8	5/ 140.0	5/ 192.8		
Pennsylvania seedleaf, type 41 -					
Average 1935-39	37.6	99.1	136.7	36.3	12.0
1940	50.1	106.0	156.1	41.8	13.3
1941	57.7	114.3	172.0	49.1	13.2
1942	41.6	122.9	164.5	54.9	13.7
1943 3/	39.6	109.6	149.2	5/ 42.1	18.6
1944	4/ 47.3	5/ 102.2	5/ 155.4		
Miami Valley, types 42-44 -					
Average 1935-39	15.2	53.5	68.7	19.8	8.5
1940	16.5	42.6	59.1	16.4	7.7
1941	13.7	42.7	56.4	12.6	9.3
1942	12.0	43.8	55.8	11.8	11.5
1943 3/	7.8	44.0	51.8	5/ 14.0	18.3
1944	4/ 5.5	5/ 37.8	5/ 43.3		
Total binder, types 51-56					
1940	67.9	136.0	203.9	67.2	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.7	137.8	193.5	66.9	20.3
1943 3/	51.4	126.6	178.0	5/ 56.0	30.2
1944	4/ 55.9	5/ 122.0	5/ 177.1		
Connecticut Valley broadleaf, type 51 -					
Average 1935-39	11.8	33.0	44.8	13.4	18.4
1940	12.3	27.5	39.8	16.5	21.0
1941	12.8	23.3	36.1	10.0	22.0
1942	10.4	26.1	36.5	14.2	26.0
1943 3/	10.7	22.3	33.0	5/ 8.8	40.0
1944	4/ 11.7	5/ 24.2	5/ 35.9		
Connecticut Valley Havana seed, type 52 -					
Average 1935-39	9.7	25.9	35.6	10.9	18.7
1940	13.8	24.5	38.3	12.8	21.7
1941	13.4	25.5	38.9	9.3	24.0
1942	12.7	29.6	42.3	13.3	26.4
1943 3/	11.5	29.0	40.5	5/ 14.6	37.6
1944	4/ 12.4	5/ 25.9	5/ 38.3		

Continued -

Table 5.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1935-39, annual 1940-44 1/ - Continued

Type and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance: year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
New York and Pennsylvania Havana seed, type 53 -					
Average 1935-39	1.3	2.2	3.5	1.1	10.6
1940	2.0	3.2	5.2	2.1	12.0
1941	2.2	3.1	5.3	2.4	12.9
1942	1.9	2.9	4.8	3.0	13.8
1943 3/	1.2	1.8	3.0	5/ 1.3	19.8
1944	4/ 1.4	5/ 1.7	5/ 3.1		
Southern Wisconsin, type 54 -					
Average 1935-39	14.6	53.1	67.7	20.6	8.8
1940	20.4	43.6	64.0	24.6	8.5
1941	15.4	39.4	54.8	19.2	9.6
1942	13.8	35.6	49.4	13.3	16.2
1943 3/	13.4	36.1	49.5	5/ 13.3	22.5
1944	4/ 13.8	5/ 36.2	5/ 50.0		
Northern Wisconsin, type 55 -					
Average 1935-39	11.2	32.2	43.4	12.3	11.0
1940	17.6	36.0	53.6	9.9	11.7
1941	16.9	43.7	60.6	18.6	14.6
1942	16.1	42.0	58.1	21.8	16.4
1943 3/	14.4	36.3	50.7	5/ 17.2	25.3
1944	4/ 15.6	5/ 33.5	5/ 49.1		
Georgia and Florida sun-grown, type 56 -					
1940	1.8	1.2	3.0	1.3	13.4
1941	.9	1.7	2.6	1.0	14.5
1942	.8	1.6	2.4	1.3	17.4
1943 3/	.2	1.1	1.3	5/ .8	22.0
1944	4/ .2	3/ .5	5/ .7		
Total wrapper, types 61-62 -					
Average 1935-39	9.2	10.1	19.3	9.0	76.2
1940	9.5	12.9	22.4	10.7	75.8
1941	10.1	11.7	21.8	9.1	98.4
1942	9.2	12.7	21.9	9.6	132.1
1943 3/	10.0	12.3	22.3	5/ 8.0	159.1
1944	4/ 10.6	5/ 14.3	5/ 24.9		
Connecticut Valley shade-grown, type 61 -					
Average 1935-39	6.5	7.3	13.8	6.3	78.8
1940	5.5	9.8	15.3	7.4	80.0
1941	6.4	7.9	14.3	6.3	113.0
1942	5.6	8.0	13.6	6.0	150.0
1943	6.3	7.6	13.9	5/ 5.1	165.0
1944	4/ 7.3	5/ 8.8	5/ 16.1		

Continued -

Table 5.- Cigar tobaccos: Domestic supplies, disappearance, and season average price, average 1935-39, annual 1940-44 1/ - Continued

Type and year	Production	Stocks Oct. 1 2/	Total supply	Disappearance: year beginning Oct.	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Georgia-Florida shade-grown, type 62 -					
Average 1935-39	2.7	2.8	5.5	2.7	69.9
1940	4.0	3.1	7.1	3.3	70.0
1941	3.7	3.8	7.5	2.8	73.0
1942	3.6	4.7	8.3	3.6	104.0
1943 3/	3.7	4.7	8.4	5/ 2.9	149.0
1944	4/ 3.3	3/ 5.5	5/ 8.8		

1/ Farm-sales weight. Rounded type figures do not check, in all cases, to those previously published because of rounding to add to the total for the class. In no case is the difference more than one point.
2/ Stocks for types 56 and 62 are as of July 1.
3/ Preliminary.
4/ Indicated September 1.
5/ Estimated.

Table 6.- Tobacco: Average yield per acre by types, United States, 1920-44

Year	Flue-cured types 11-14	Burley type 31	Maryland type 32	Fire-cured Type 21	Fire-cured Type 22	Fire-cured Type 23	Fire-cured Type 24	Dark air-cured Type 35	Dark air-cured Type 36	Dark air-cured Type 37	All cigar types 41-62
	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.	Lb.
Av. 1920-24	639	824	783	731	781	805	855	826	856	726	1,175
1920	678	789	875	780	766	780	820	819	796	755	1,250
1921	587	754	715	611	795	828	855	843	881	579	1,277
1922	630	857	770	811	763	810	893	859	893	770	1,118
1923	722	872	792	795	785	810	880	827	880	775	1,182
1924	580	849	765	660	798	795	825	782	830	750	1,048
Av. 1925-29	698	798	778	761	784	780	783	808	778	784	1,192
1925	689	806	823	751	767	776	775	806	850	795	1,270
1926	699	832	840	793	810	799	896	905	851	802	1,173
1927	750	731	818	800	749	748	646	722	649	821	1,152
1928	660	816	660	703	753	739	750	760	700	692	1,182
1929	691	807	750	760	842	840	850	850	840	810	1,182
Av. 1930-34	733	782	677	720	812	759	787	811	824	660	1,197
1930	756	740	560	615	757	700	745	784	785	585	1,170
1931	684	845	730	765	812	804	800	795	880	650	1,228
1932	605	740	775	640	794	779	775	799	825	545	1,142
1933	797	753	600	760	801	657	740	783	740	720	1,122
1934	822	831	720	820	895	856	875	893	890	800	1,322
Av. 1935-39	876	839	769	810	814	796	829	844	838	844	1,308
1935	928	794	775	870	821	795	840	839	845	900	1,330
1936	790	729	820	770	805	761	730	735	700	780	1,385
1937	875	907	650	790	846	817	850	920	900	785	1,257
1938	866	833	780	710	726	784	875	800	870	780	1,204
1939	922	931	820	910	872	824	850	925	875	975	1,365
Av. 1940-44 1/	989	989	736	876	951	933	875	993	951	861	1,359
1940	1,025	1,042	850	835	925	884	850	927	875	925	1,380
1941	905	987	775	895	950	929	900	978	975	850	1,438
1942	1,024	981	740	975	995	962	900	1,064	1,030	900	1,328
1943 2/	933	996	540	800	979	959	900	1,019	950	780	1,352
1944 3/	1,058	939	775	875	910	933	825	975	925	850	1,371

Compiled, 1920-28, from First Annual Report on Tobacco Statistics; 1929-40, Annual Report on Tobacco Statistics, 1942; 1941-44, from reports of the Bureau of Agricultural Economics, Crop Reporting Board.

1/ Estimated.
2/ Preliminary.
3/ September 1 indication.

Table 7.- Tax-paid withdrawals of tobacco products in the United States, calendar years 1942 and 1943, fiscal years 1942-43 and 1943-44 1/

Products	Calendar year			Fiscal year		
	1942	1943	Change	1942-43	1943-44	Change
	Millions	Millions	Percent	Millions	Millions	Percent
Small cigarettes	235,840	257,741	+ 9.3	244,828	258,272	+ 5.5
Large cigarettes	3	6	2/+113.1	4	10	2/+188.5
Large cigars	6,207	5,228	- 15.8	6,003	4,879	- 18.7
Small cigars	133	128	- 3.8	130	143	+ 10.0
Snuff 3/	41,161	43,180	+ 4.9	41,907	42,731	+ 2.0
Manufactured tobacco 3/	280,524	262,456	- 6.4	265,813	250,412	- 5.8

1/ Tax-paid withdrawals include products from Philippine Islands and Puerto Rico. After January 1942 tax-paid withdrawals from Philippine Islands are not included.
2/ Based on actual, not rounded figures.
3/ Thousand pounds.

Table 8.- Production of manufactured tobacco in the United States, calendar years 1942 and 1943, and fiscal years 1942-43 and 1943-44

Manufactured tobacco	Calendar year			Fiscal year		
	1942	1943	Change	1942-43	1943-44	Change
	1,000 pounds	1,000 pounds	Percent	1,000 pounds	1,000 pounds	Percent
Smoking	174,075	161,609	- 7.2	163,750	142,201	- 13.2
Plug	54,300	59,001	+ 8.7	57,423	60,930	+ 6.1
Twist	6,069	6,327	+ 4.3	6,338	6,309	- .5
Fine-cut	5,083	4,533	- 10.8	4,856	4,301	- 11.4
Scrap chewing	49,608	51,796	+ 4.4	50,794	52,881	+ 4.1
Snuff	41,003	43,178	+ 5.3	41,749	42,452	+ 1.7

Table 9.- Index numbers of production of tobacco products in the United States, 1919-43 and January to June 1944

(1935-39 = 100)

Year	Cigarettes	Cigars	Manufactured	Total
1919	29	143	124	72
1920	28	162	116	75
1921	32	140	113	74
1922	34	142	123	77
1923	41	141	121	84
1924	45	135	121	83
1925	51	131	120	85
1926	57	132	120	88
1927	62	132	115	90
1928	67	129	112	92
1929	76	131	110	96
1930	76	118	108	93
1931	72	106	107	87
1932	66	89	102	79
1933	71	86	100	80
1934	80	91	101	87
1935	86	93	100	90
1936	97	101	102	99
1937	103	104	99	103
1938	104	100	100	102
1939	110	103	100	106
1940	115	103	100	109
1941	131	112	99	120
1942	150	119	94	131
1943	164	99	89	133
1944 1/				
Jan.	155	86	85	124
Feb.	136	92	77	114
Mar.	143	92	73	117
Apr.	161	89	73	126
May	154	89	80	124
June	151	89	79	121

Compiled from Federal Reserve Bulletin.
1/ Unadjusted.

Table 10.-Receipts from Federal taxes on tobacco products in the United States, 1939-43

Product	Year ended June 30				
	1939	1940	1941	1942	1943
	Dollars	Dollars	Dollars	Dollars	Dollars
Cigars (large) 1/	12,792,551	12,897,764	13,400,528	14,377,828	23,075,077
Cigars (small)	120,453	97,686	113,970	104,052	97,318
Cigarettes (large) 2/	19,268	16,855	12,060	15,981	29,600
Cigarettes (small) 2/	504,036,932	533,042,544	616,745,234	704,933,505	835,230,744
Chewing and smoking tobacco	54,757,044	54,383,803	54,927,764	52,138,925	47,849,120
Snuff	6,932,019	6,798,556	6,899,821	7,440,212	7,543,283
Cigarette papers and tubes	1,493,786	1,279,508	1,431,315	1,960,558	1,472,326
Leaf dealer penalties, etc.	7,153	1,728	11,815	6,050	3,566
Cigarette and cigar floor tax 3/	---	---	4,534,384	5,105	8,556,250
Total	580,159,206	608,218,444	698,076,891	730,982,216	923,857,284

1/ Rate of tax and classification of large cigars was changed, effective November 1, 1942.

2/ Rate of tax on large cigarettes changed from $7.20 to $7.80 per thousand on July 1, 1940; and from $7.80 to $8.40 on November 1, 1942. Rate of tax on small cigarettes changed from $3.00 to $3.25 per thousand on July 1, 1940; and from $3.25 to $3.50 on November 1, 1942.

3/ As imposed by the Revenue Acts of 1940 and 1942.

Compiled by War Food Administration from reports of the Commissioner of Internal Revenue.

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